

1 H BILL NO. 277
2 INTRODUCED BY Palmer, Carney

3
4 A BILL FOR AN ACT ENTITLED: "AN ACT TO REVISE THE
5 ELIGIBILITY CRITERIA FOR CLASS EIGHT PROPERTY TAX
6 CLASSIFICATION; AMENDING SECTION 84-301, R.C.M. 1947."

7
8 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

9 Section 1. Section 84-301, R.C.M. 1947, is amended to
10 read as follows:

11 "84-301. Classification of property for taxation. For
12 the purpose of taxation the taxable property in the state
13 shall be classified as follows:

14 Class One. The annual net proceeds of all mines and
15 mining claims, except coal mines, after deducting only the
16 expenses specified and allowed by section 84-5403; also
17 where the right to enter upon land, to explore or prospect,
18 or dig for oil, gas, coal or mineral is reserved in land or
19 received by mesne conveyance (exclusive of leasehold
20 interests), devise or succession by any person or
21 corporation, the surface title to which has passed to or
22 remains in another, the state department of revenue shall
23 determine the value of the right to enter upon said tract of
24 land for the purpose of digging, exploring, or prospecting
25 for gas, oil, coal or minerals, and the same shall be placed

1 in this classification for the purpose of taxation.

2 Class Two. All agricultural and other tools, implements
3 and machinery, gas and other engines and boilers, threshing
4 machines and outfits used therewith, automobiles, motor
5 trucks and other power-driven cars, vehicles of all kinds
6 except mobile homes, boats and all watercraft, harness,
7 saddlery and robes and except as provided in Class Five (a)
8 of this section, all poles, lines, transformers, transformer
9 stations, meters, tools, improvements, machinery and other
10 property used and owned by all persons, firms, corporations,
11 and other organizations which are engaged in the business of
12 furnishing telephone communications, exclusively to rural
13 areas, or to rural areas and cities and towns provided that
14 any such city or town has a population of ~~eight-hundred~~
15 ~~{800}~~ persons or less; and provided further, that the
16 average circuit miles for each station on the system is more
17 than ~~one-and-one-quarter~~ ~~{1 1/4}~~ miles.

18 Class Three. Livestock, poultry, and unprocessed
19 products of both; furniture and fixtures used in commercial
20 activities; the annual gross proceeds of underground coal
21 mines; and all office or hotel furniture and fixtures,
22 except improvements included in Class Nine.

23 Class Four. (a) All land, town and city lots, with
24 improvements, except improvements included in Class Nine,
25 and all trailers affixed to land owned, leased, or under

1 contract or purchase by the trailer owner, manufacturing and
 2 mining machinery, fixtures and supplies, except as otherwise
 3 provided by the constitution of Montana, and except as such
 4 property may be included in Class Five, Class Seven or Class
 5 Eight.

6 (b) Mobile homes without regard to the ownership of
 7 the land upon which they are situated, except those held by
 8 a distributor or dealer of mobile homes as part of his stock
 9 in trade, and except as such property may be included in
 10 Class Eight.

11 Class Five. (a) All poles, lines, transformers,
 12 transformer stations, meters, tools, improvements, machinery
 13 and other property used and owned by co-operative rural
 14 electrical and co-operative rural telephone associations
 15 organized under the laws of Montana except those within the
 16 incorporated limits of a city or town in which less than
 17 ninety-five per cent (95%) of the electric consumers and/or
 18 telephone users are served by a co-operative organization,
 19 and as to the property enumerated in this sub-section (a)
 20 within incorporated limits of a city or town in which less
 21 than ninety-five per cent (95%) of the electric consumers or
 22 users will be served by a co-operative organization, such
 23 property shall be put in Class Two.

24 (b) All unprocessed agricultural products either on
 25 the farm or in storage, irrespective of whether said

1 products are owned by the elevator, warehouse or flour mill
 2 owner or company storing the same, or any other person
 3 whomsoever, except all perishable fruits and vegetables in
 4 farm storage and owned by the producer, and excepting
 5 livestock and poultry and the unprocessed products of both.

6 (c) The dwelling house, and the lot on which it is
 7 erected, owned and occupied by any resident of the state,
 8 who has been honorably discharged from active service in any
 9 branch of the armed forces, who is rated one hundred per
 10 cent (100%) disabled due to a service-connected disability
 11 by the United States veterans administration or its
 12 successors.

13 In the event of the veteran's death, the dwelling
 14 house, and the lot on which it is erected, so long as the
 15 surviving spouse remains unmarried and the owner and
 16 occupant of the property, shall remain within this
 17 classification.

18 Class Six. Property formerly included in this class is
 19 now classified by section 84-308, R.C.M. 1947.

20 Class Seven. (a) All new industrial property. New
 21 industrial property shall mean any new industrial plant,
 22 including land, buildings, machinery and fixtures which, in
 23 the determination of the state department of revenue, is
 24 used by a new industry during the first three (3) years of
 25 operation not having been assessed prior to July 1, 1961,

1 within the state of Montana. New industry shall mean any
 2 person, corporation, firm, partnership, association, or
 3 other group which establishes a new plant or plants in this
 4 state for the operation of a new industrial endeavor, as
 5 distinguished from a mere expansion, reorganization, or
 6 merger of an existing industry or industries. Provided,
 7 however, that new industrial property shall be limited to
 8 industries that manufacture, mill, mine, produce, process or
 9 fabricate materials, or do similar work in which capital and
 10 labor are employed and in which materials unserviceable in
 11 their natural state are extracted, processed or made fit for
 12 use or are substantially altered or treated so as to create
 13 commercial products or materials; industries that engage in
 14 the mechanical or chemical transformation of materials or
 15 substances into new products in the manner defined as
 16 manufacturing in the 1972 Standard Industrial Classification
 17 Manual, prepared by the United States office of management
 18 and budget; and in no event shall the term new industrial
 19 property be included to mean property used by retail or
 20 wholesale merchants, commercial services of any type,
 21 agriculture, trades or professions. New industrial property
 22 does not include a plant which will create an adverse impact
 23 on existing state, county, or municipal services. The
 24 department shall promulgate regulations for the
 25 determination of what constitutes an adverse impact taking

1 into consideration the number of people to be employed and
 2 the size of the community in which the location is
 3 contemplated. Once the department has made an initial
 4 determination that the industrial facility qualifies as new
 5 industrial property, the department shall then upon proper
 6 notice hold a hearing to determine if the new industrial
 7 classification should be retained by the property. The
 8 local taxing authority may appear at the hearing, and it
 9 also may waive its objection to retention of this
 10 classification if the industry agrees to the prepayment of
 11 taxes sufficient to satisfy tax requirements created by the
 12 location and construction of the facility during
 13 construction period.

14 In the event of a prepayment of taxes, the maximum
 15 amount or prepayment shall be the amount without the
 16 application of the Class 7 (a) to such property.

17 If a major new industrial facility qualifies under
 18 Class 7 (a) the reduction of its yearly payment of property
 19 taxes for reimbursement of its prepaid taxes as provided for
 20 in section 84-41-105, R.C.M. 1947, shall not begin until the
 21 Class 7 qualification expires. And provided further, that
 22 new industrial property shall not be included to mean
 23 property which is used or employed in any industrial plant
 24 which has been in operation in this state for three (3)
 25 years or longer. Any person, corporation, firm, partnership,

1 association or other group seeking to qualify its property
2 for inclusion in this class shall make application to the
3 state department of revenue in such manner and form as may
4 be required by said department.

5 (b) Business inventories. Business inventories shall
6 include goods intended for sale or lease in the ordinary
7 course of business, and shall include raw materials and work
8 in progress with respect to such goods, but shall not
9 include goods actually leased or rented on the lien date, or
10 mobile homes held by a dealer or distributor as a part of
11 his stock in trade.

12 (c) Air pollution control equipment as defined in
13 section 69-3923.

14 (d) A capital investment in a recognized nonfossil
15 form of energy generation, to the extent provided under
16 section 84-7403.

17 Class Eight. (a) Any improvement on real property,
18 trailers affixed to land, or mobile home belonging to any
19 person who qualifies under any one or more of the
20 hereinafter set forth categories, with appurtenant land not
21 exceeding five-~~(5)~~ acres, which together have a market value
22 of not more than ~~twenty-seven-thousand-five-hundred-dollars~~
23 ~~(\$27,500)~~ \$35,000, which dwelling is owned or under a
24 contract for deed, by and which is actually occupied for at
25 least ten-~~(10)~~ months per year as the primary residential

1 dwelling of:

2 (1) a widow or ~~widower~~ ~~sixty-two~~ ~~(62)~~ years of age or
3 older, ~~whether with or without minor dependent children,~~ who
4 qualifies under the income limitations of ~~(4)~~ or (3);

5 ~~(2) a widow sixty-two (62) years of age or older,~~
6 ~~whether with or without minor dependent children, who~~
7 ~~qualifies under the income limitations of (4) or~~

8 ~~(3) (2)~~ a widow or widower with minor or dependent
9 children, regardless of age, who qualifies under the income
10 limitations of ~~(4)~~ (3); or

11 ~~(4) (3)~~ a recipient or recipients of retirement or
12 disability benefits whose total annual income from all
13 sources is not more than ~~six-thousand-dollars~~ ~~(\$6,000)~~ for a
14 single person and ~~six-thousand-eight-hundred-dollars~~
15 ~~(\$6,800)~~ for a married couple, total per annum ~~whether said~~
16 ~~dwelling is occupied by a single person or a married couple,~~
17 excluding one of the following: social security, railroad
18 retirement, public employees retirement, or any other
19 retirement or pension. ~~Provided further, that one~~ A person
20 who applies for classification of property under this class
21 must make an affidavit to the state department of revenue,
22 on a form as may be provided by the state department of
23 revenue, ~~supplied without cost to the applicant, as to his~~
24 ~~income, if applicable as to his retirement benefits, if~~
25 ~~applicable or, as to social security and all retirements,~~

1 ~~including the one the applicant excludes although it will~~
 2 ~~not be counted in the applicant's total income, the~~
 3 ~~applicant's~~ his marital status, if applicable, and to the
 4 fact that ~~the applicant~~ he--or--she actually occupies or
 5 maintains ~~such land and improvements~~ as his or her primary
 6 residential dwelling, ~~such land and improvements with right~~
 7 ~~of the county welfare board to investigate the applicant on~~
 8 ~~the completion of the form as to answers given on the form~~
 9 ~~and such other information as is relevant to the applicant's~~
 10 ~~eligibility. This application must be made before March 1~~
 11 ~~of the year after the applicant becomes eligible under this~~
 12 ~~classification. An assessor, upon finding an applicant~~
 13 ~~eligible, shall adjust the tax liability on the next payment~~
 14 ~~due so as to reflect the effects of Class Eight~~
 15 ~~qualification for the past year's tax. The provided~~
 16 ~~further--the~~ assessed value of said ~~the~~ property ~~shall~~ ~~may~~
 17 not be increased during the life of the recipient of
 18 retirement benefits or widow or widower covered under this
 19 class, unless the owner-resident makes a substantial
 20 improvement in the dwelling. For the purposes of the
 21 affidavit required for classification of property under this
 22 class, it shall be sufficient if the applicant signs a
 23 statement swearing to or affirming the correctness of the
 24 information supplied, whether or not the statement is signed
 25 before a person authorized to administer oaths, and mails

1 the application and statement to the department of revenue.
 2 This signed statement shall be treated as a statement under
 3 oath or equivalent affirmation for purposes of section
 4 94-7-203, R.C.M. 1947, relating to the criminal offense of
 5 false swearing.

6 (b) A capital investment in a building for an energy
 7 conservation purpose, to the extent provided under section
 8 84-7403.

9 Class Nine. The incremental increase in the value of
 10 real estate attributable to repairing, maintaining, or
 11 improving existing improvements.

12 Class Ten. The annual gross proceeds of coal mines
 13 using the strip mining method.

14 Class Eleven. Centrally assessed utility allocations
 15 after deductions of locally assessed properties and except
 16 as provided in Class Two for rural telephones and Class Five
 17 (a) for cooperatives, and all other property not included in
 18 the ~~ten-10~~ preceding classes."

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